



HOW WILL
THE PROPOSED

RETAIL

ALCOHOL

TAX

AFFECT OUR
COMMUNITY?

- an informed conversation of engaged faith communities about the tax and the issues surrounding it

VOTE: TUESDAY, APRIL 2



**WE BEGIN WHERE
PEOPLE OF FAITH
ALWAYS BEGIN:
WITH OUR DEEPLY
HELD VALUES.**

I.

Across Anchorage, communities of faith are often the first places people go to seek aid and comfort. Our faith leaders know deeply the pain that many in our community hold—not merely concerning spiritual matters, but material ones as well. **Many in our community are hurting from inadequately funded services, including detox beds, behavioral health treatment, housing options, and public safety.**

This spring, citizens of Anchorage will be asked whether we want to amend our municipal charter and create a sales tax on alcoholic beverages.

If passed, the revenue generated from the tax will go towards funding some of the most essential services in our city.

While considering the tax, it is important that Anchorage's citizens have accurate information about the issues at play. This booklet provides relevant facts that are currently available.

We begin where people of faith always begin: with our deeply held values.



II.

Across Anchorage's diverse faith communities, there is a shared commitment to compassion.

The New Testament teaches us, "Finally, all of you, be like-minded, be sympathetic, love one another, be compassionate and humble."¹ Similarly, the second Principle of the Unitarian Universalists seeks "justice and compassion in human relations."²

At the same time, people of faith are called to act as responsible stewards of our shared community.

It is good and wise for the faith community in Anchorage to consider the facts and figures, the dollars and cents, of the proposed tax and the issues that lie behind it.

Ultimately, our municipal budget is an expression of our values.

¹ Peter 3:8

² "2nd Principle: Justice, Equity and Compassion in Human Relations | UUA.org". UUA.org. Retrieved 17 February 2019

ANCHORAGE FACES A GROWING POPULATION OF PEOPLE EXPERIENCING HOMELESSNESS WITH UNMET BEHAVIORAL HEALTH NEEDS.

\$1.8 BILLION:
amount alcohol
abuse costs Alaska
citizens every year

**← FROM \$7.9
MILLION
TO \$950,000:**
amount budget cuts
would drop funding for a
program that assists the
homeless to transition
into permanent housing

14: number of
detox beds in
Anchorage.
60-90: number
requested here
daily.

III.

Many in our community are already painfully aware of what happens when essential services are inadequately funded. Over the past several years, **budget cuts have led to a crisis of behavioral health care in Alaska.**

The situation reached a boiling point last fall, when a lawsuit was filed against the Department of Health and Human Services, which oversees the state's department of behavioral health as well as Alaska Psychiatric Institute, after it was reported that people going through psychiatric episodes were being held in jails due to a lack of hospital beds.³

As a result, Anchorage faces a growing population of people experiencing homelessness with unmet behavioral health needs.

The situation for our neighbors experiencing homelessness could potentially worsen. If passed, the recently proposed budget cuts for the state of Alaska could affect a large number of people who rely on housing and homeless services. The proposed cuts would drop funding for a program that assists the homeless to transition into permanent housing from \$7.9 million to \$950,000.⁴

There are only 14 available detox beds in our city. This falls far short of the average 60-90 requests for them that are made daily.⁵

Without access to these critical services, too many families are hurting. And all of us – even those of us who do not have direct need of those services – feel the costs that it creates.

According to a 2017 McDowell group study, issues related to alcohol abuse – traffic collisions, missed work, criminal activity, homelessness, child neglect, etc. – cost Alaska citizens \$1.8 billion annually.⁶

As the largest population center in the state, Anchorage bears the largest burden of that cost.

3. Michelle Theriault Boots. (22 October 2018). "Lawsuit: Holding Alaska psychiatric patients in jail without charges in unconstitutional." Anchorage Daily News.

4. Devin Kelly. (15 February 2019). "Cuts to homeless services in Dunleavy budget would displace hundreds of vulnerable people, providers say." Anchorage Daily News.

5. Alaska Mental Health Trust Authority. "Alaska Behavioral Health Systems Assessment Final Report" (22 January 2016.)

6. McDowell Group. "The Economic Costs of Alcohol Abuse in Alaska, 2016 Update" (March 2017.)

IV.

If passed, the ballot proposition will **amend the Anchorage Charter to establish a 5% flat tax on all retail sales of alcohol.** The tax would be similar to other industry-specific taxes in Anchorage – such as marijuana, which also has a five percent tax – but it would be unique in that ...

the net revenue raised by the tax would be dedicated toward several areas of public concern: “alcohol and substance misuse prevention and treatment, community behavioral health programs, public safety, and homelessness prevention and response, including abatement of prohibited campsites.”⁷

The Municipality estimates that the alcohol tax will generate about \$13 million annually.⁸ Like the marijuana tax, the alcohol tax is essentially a user fee: those who do not drink pay nothing, those who drink little pay little, and those who drink a lot would pay the largest portion of the tax. The tax will be paid by consumers and will be visible as a line item on sales receipts.

The state of Alaska already has a wholesale excise tax on alcohol. This tax has been in place since 1937, and was most recently increased in 2002.⁹ According to Recover Alaska, although the current excise tax is high, most other states also collect sales taxes on alcohol, which means that **consumers in Alaska pay less in taxes when they buy an alcoholic beverage than in most other states.**¹⁰

Members of the alcohol industry have consistently opposed taxes on alcohol, believing that it will hurt their sales and negatively affect their profits. Although calculating the potential effect the tax could have on businesses is difficult – among other things, businesses would incur administrative and accounting costs – the total volume of alcohol sold in Alaska went up after the 2002 excise tax increase, from just under 17 million gallons in 2003, to over 18 million gallons in 2015. ¹¹

As mentioned above, the Municipality has identified the specific areas of concern to which the revenue raised by the tax would be directed. However, the Mayor and the Anchorage Assembly will annually determine precisely how the tax revenue will be expended in those areas. In other words, the **specific programs and services that will be funded by the tax will be determined through the Municipality’s annual budget process:** the Mayor will propose a detailed budget, the Assembly will review it, and the public will give their input.¹²

V.

The spring Municipal election will be held on **April 2nd**. This will be Anchorage's second vote-by-mail election; ballots will be mailed out to all Anchorage voters beginning **March 12th**.

The proposed alcohol tax and the issues surrounding it are of great importance to all voters in Anchorage. In order to pass, the ballot needs a simple majority of voters to vote yes. The time for prayer and dialogue for our community is now.

7 Proposed Charter Amendment to add Section 14.07(b)

8 "Summary of Economic Effects"-- AO 2018-104

9 Department of Revenue. "Alcohol Beverage Tax, Historical Overview."

<http://tax.alaska.gov/programs/programs/reports/Historical.aspx?60165>. Retrieved 17 February 2019.

10 Recover Alaska. "Get the Facts about the Tax." February 2019

11 McDowell Group. "The Economic Costs of Alcohol Abuse in Alaska, 2016 Update" (March 2017.)

12 "Ballot Proposal for Retail Sales Tax on Alcohol within the Municipality of Anchorage AO No. 2018-104" (22 January 2019.)

THE TAX WOULD BE SIMILAR TO OTHER INDUSTRY-SPECIFIC TAXES IN ANCHORAGE

\$13 MILLION:
estimated revenue to be generated

THE TAX WILL FUND:
programs for alcohol and substance misuse, homelessness, community behavioral health, and public safety.

WE PAY LESS TAX: compared to most other states when we buy a drink

This spring, citizens of Anchorage will be asked whether we want to amend our municipal charter and create a sales tax on alcoholic beverages.

- **STUDY THE ISSUE**
- **PRAY FOR CLARITY**
- **TALK ABOUT THE TAX IN YOUR CONGREGATION**

VOTE ON OR BEFORE TUESDAY, APRIL 2ND

This will be Anchorage's second **VOTE-BY-MAIL ELECTION**; ballots will be mailed out to all Anchorage voters beginning **Tuesday, March 12th**.

AFACT
Anchorage Faith & Action Congregations Together



AFACT includes 15 member congregations and thousands of Anchorage residents who organize, empower and mobilize local faith communities to address quality of life issues affecting the community.

www.anchoragefact.org